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DEPARTMENT OF AUDITOR-CONTROLLER**

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September 23, 2009

TO: Supervisor Don Knabe, Chairman
Supervisor Gloria Molina
Supervisor Mark Ridley-Thomas
Supervisor Zev Yaroslavsky
Supervisor Michael D. Antonovich

FROM: Wendy L. Watanabe
Auditor-Controller

SUBJECT: **MARAVILLA FOUNDATION CONTRACT REVIEW – A COMMUNITY
AND SENIOR SERVICES WORKFORCE INVESTMENT ACT
PROGRAM PROVIDER – FISCAL YEAR 2008-09**

We completed a program, fiscal and administrative contract compliance review of Maravilla Foundation (Maravilla or Agency), a Community and Senior Services (CSS) Workforce Investment Act (WIA) Program provider.

Background

CSS contracts with Maravilla, a private non-profit agency to provide and operate the WIA Youth Program. The WIA Youth Program is a comprehensive training and employment program for in-school and out-of-school youth ages 14-21 years old. Maravilla serves participants residing in the First District.

Maravilla is compensated on a cost reimbursement basis and had a contract for \$261,000 for Fiscal Year (FY) 2008-09.

Purpose/Methodology

The purpose of our review was to determine whether Maravilla complied with its contract terms and appropriately accounted for and spent WIA funds in providing the services outlined in their County contract. We interviewed Agency staff and evaluated the adequacy of the Agency's accounting records, internal controls and compliance with federal, State and County guidelines.

Results of Review

Generally, Maravilla provided the required program services to eligible participants and maintained sufficient control over its business operations. In addition, the Agency's expenditures were allowable, properly documented and accurately billed. However, Maravilla did not meet all the FY 2008-09 third quarter planned performance outcomes as outlined in the County contract. Specifically, Maravilla planned to exit nine, train four and place five WIA Youth participants into employment as of March 31, 2009. However, the Agency did not exit, train or place any participants into employment as of March 31, 2009.

Details of our review, along with recommendations for corrective action plan, are attached.

Review of Report

We discussed our report with Maravilla and CSS on July 16, 2009. In the attached response, Maravilla indicated that their internal records supported different performance outcomes. Maravilla and CSS indicated that they will follow-up to resolve the discrepancies when FY 2008-09 final performance outcomes are determined.

We thank Maravilla for their cooperation and assistance during this review. Please call me if you have any questions or your staff may contact Don Chadwick at (213) 253-0301.

WLW:MMO:JET:DC:EB

Attachment

c: William T Fujioka, Chief Executive Officer
Cynthia D. Banks, Director, Community and Senior Services
Mary Loya, Operations Manager, Maravilla Foundation
Carlos Garcia, Chairperson, Maravilla Foundation
Public Information Office
Audit Committee

**WORKFORCE INVESTMENT ACT PROGRAM
MARAVILLA FOUNDATION
FISCAL YEAR 2008-09**

ELIGIBILITY

Objective

Determine whether Maravilla Foundation (Maravilla or Agency) provided services to individuals that meet the eligibility requirements of the Workforce Investment Act (WIA) Program.

Verification

We reviewed the case files for ten (27%) of the 37 participants that received services from July through October 2008 for documentation to confirm their eligibility for WIA services.

Results

Maravilla maintained appropriate documentation to support the eligibility of the ten participants sampled.

Recommendation

None.

BILLED SERVICES/CLIENT VERIFICATION

Objective

Determine whether the Agency provided the services in accordance with the County contract and WIA guidelines. In addition, determine whether the participants received the billed services.

Verification

We reviewed the documentation contained in the case files for ten (27%) of the 37 participants that received services during July through October 2008.

Results

Maravilla provided the services in accordance with the County contract and WIA guidelines.

Recommendation

None.

PERFORMANCE OUTCOMES REVIEW**Objective**

Determine whether Maravilla met the planned performance outcomes as outlined in the County contract. The performance outcomes included measuring the number of participants that enrolled in the program, exited the program, completed training and/or gained employment.

Verification

We compared Maravilla's Fiscal Year (FY) 2008-09 actual performance outcomes for the third quarter to the planned performance outcomes outlined in the County contract.

Results

Maravilla did not meet all the FY 2008-09 third quarter planned performance outcomes as outlined in the County contract. Specifically, Maravilla planned to exit nine, train four and place five WIA Youth participants into employment as of March 31, 2009. However, Community and Senior Services reported to the Workforce Investment Board that Maravilla did not exit, train or place any participants into employment as of March 31, 2009.

Recommendation

1. Maravilla management ensure that planned performance outcomes are met as required by the County contract.

CASH/REVENUE**Objective**

Determine whether cash receipts and revenue are properly recorded in the Agency's records and deposited timely in their bank account. In addition, determine whether there are adequate controls over cash, petty cash and other liquid assets.

Verification

We interviewed Agency personnel and reviewed financial records. We also reviewed the Agency's bank activities for August and September 2008.

Results

Maravilla maintained adequate controls to ensure that revenue was properly recorded and deposited in a timely manner.

Recommendation

None.

COST ALLOCATION PLAN**Objective**

Determine whether Maravilla's Cost Allocation Plan was prepared in compliance with the County contract and the Agency used the Plan to appropriately allocate shared program expenditures.

Verification

We reviewed the Cost Allocation Plan and a sample of expenditures incurred by the Agency in July and September 2008 to ensure that the expenditures were properly allocated to the Agency's programs.

Results

Maravilla's Cost Allocation Plan was prepared in compliance with the County contract and costs were appropriately allocated.

Recommendation

None.

EXPENDITURES/PROCUREMENT**Objective**

Determine whether program related expenditures are allowable under the County contract, properly documented and accurately billed.

Verification

We interviewed Agency personnel, reviewed financial records and reviewed documentation to support ten non-payroll expenditure transactions billed by the Agency for July and September 2008, totaling \$3,510.

Results

Maravilla's expenditures were allowable, accurately billed and supported by documentation as required.

Recommendation

None.

ADMINISTRATIVE CONTROLS/CONTRACT COMPLIANCE**Objective**

Determine whether the Agency maintained sufficient internal controls over its business operations. In addition, determine whether the Agency is in compliance with other program and administrative requirements.

Verification

We interviewed Agency personnel, reviewed their policies and procedures manuals, conducted an on-site visit and tested transactions in various non-cash areas such as expenditures, payroll and personnel.

Results

Maravilla maintained sufficient internal controls over its business operations and complied with other program and administrative requirements.

Recommendation

None.

FIXED ASSETS AND EQUIPMENT**Objective**

Determine whether Maravilla's fixed assets and equipment purchases made with WIA funds are used for the WIA Program and are safeguarded.

Verification

We interviewed Agency personnel and reviewed the Agency's fixed assets and equipment inventory listing. In addition, we performed an inventory and reviewed the usage of five items purchased with WIA funds, totaling \$6,552.

Results

Maravilla used the items purchased with WIA funding for the WIA program. In addition, the items were appropriately safeguarded.

Recommendation

None.

PAYROLL AND PERSONNEL**Objective**

Determine whether payroll expenditures were appropriately charged to the WIA Program. In addition, determine whether the Agency obtained criminal record clearances and verified employability for the employees assigned to the WIA Program.

Verification

We traced the payroll expenditures invoiced for two employees totaling \$4,925 for September 2008 to the Agency's payroll records and time reports. We also interviewed one staff and reviewed the personnel files for the two employees assigned to the WIA Program.

Results

Maravilla's payroll expenditures were appropriately charged to the WIA Program and the personnel files were maintained as required.

Recommendation

None.

CLOSE-OUT REVIEW**Objective**

Determine whether the Agency's FY 2007-08 final close-out invoice reconciled to the Agency's financial accounting records.

Verification

We traced the Agency's FY 2007-08 general ledger to the Agency's final close-out invoice for FY 2007-08. We also reviewed a sample of expenditures incurred in March through June 2008.

Results

Maravilla's FY 2007-08 general ledgers reconciled to the Agency's FY 2007-08 final close-out invoice.

Recommendation

None.



July 29, 2009

Wendy L. Watanabe, Auditor-Controller
Department of Auditor – Controller
Countywide Contract monitoring Division
350 S. Figueroa Street, 8th Floor
Los Angeles, CA 90071
Attention: Yoon Bae

Pursuant to the Audit Report email dated 7/21/09, below, please find our response to the Performance Outcomes Review.

Results: Maravilla did not meet all the FY 2008-09 third quarter planned performance outcomes as outlined in the County contract. Specifically, Maravilla planned to exit nine, train four and place five WIA Youth participants into employment as of March 31, 2009. However, the Agency did not exit, train or place any participants into employment as of March 31, 2009.

Response: Our internal as well as reporting records differ from the official report. We will request a further review from the County of Los Angeles. As of 6/30/09, the Maravilla Foundation has met all planned performance measures for the 2008/2009 Contract Year.

Thank you,

A handwritten signature in black ink, appearing to read 'Kathy Morfin', written over a horizontal line.

Katherine Morfin – Program Manager
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